

*Bill will protect investors while also amending Sarbanes-Oxley Act to revise cost prohibitive regulations*

Washington, D.C. - Congressman John Adler, a member of the House Financial Services Committee, today introduced a new, bipartisan amendment to maintain the exemption for certain small businesses from cost prohibitive regulations. The amendment to the Investor Protection Act will amend section 404(b) of the Sarbanes Oxley Act. The amendment won a voice vote in Financial Services Committee today, with a recorded vote expected tomorrow.

Under direction from the Securities and Exchange Commission (SEC), small businesses have been exempt from section 404(b) for the past seven years. The exemption expires early next year and Adler's amendment will provide stability and predictability for these businesses by permanently exempting them from these costly regulations.

"Congress needs to maintain this exemption for small businesses. These burdensome regulations were never intended to impact America's small and medium-sized businesses this way," said Congressman John Adler, a member of the House Financial Services Committee. "Small businesses are the backbone of our economic recovery and this necessary reform will help keep and create jobs for hard-working Americans."

Members on both sides of the aisle spoke in favor of the amendment, including Reps. Scott Garrett (R-NJ) and Bill Foster (D-IL).

The "one size fits all" regulatory approach to implementing section 404 of Sarbanes Oxley has had a disproportionately negative impact on small and medium sized companies. The current and pending compliance burden has sent many companies to market overseas or dissuaded them from going public here in America.

The goal of Congressman Adler's amendment is to maintain the high levels of transparency individual investors need to make informed decisions, without damaging America's market competitiveness. These regulations should take into account the different characteristics and limitations of various sized companies, keeping the largest companies in check, while allowing smaller companies to help our economy grow and create jobs.

***Background:***

Congressman Adler's amendment will exempt non accelerated issuers, or small businesses with a market capitalization of \$75 million or less from Section 404 (b) of the Sarbanes Oxley Act. It only exempts small companies from complying with this one particularly costly subsection of Sarbanes Oxley while maintaining investor protections by requiring them to continue complying with the rest of the statute.

In addition, it asks the Securities and Exchange Commission (SEC) and Government Accountability Office (GAO) to conduct a study to determine how the SEC can reduce the burden of complying with Section 404(b) while maintain investor protections for companies whose market capitalization is between \$75 and \$250 million. In the study the SEC and GAO will also consider whether reducing the compliance burden or a complete exemption for these companies will encourage them to list on exchanges in the United States in their initial public offerings.

Congressman Adler withdrew an earlier version of the amendment.